

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 93-114-C - ORDER NO. 93-600 ✓  
JULY 6, 1993

IN RE: Application of World Telecom Group, )  
Inc. for a Certificate of Public ) ORDER  
Convenience and Necessity to ) APPROVING  
Operate as a Reseller of Intrastate ) CERTIFICATE  
Telecommunications Services within )  
the State of South Carolina. )

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of World Telecom Group, Inc. (World Telecom or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as reseller of telecommunications services in the State of South Carolina. World Telecom's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1992) and the Regulations of the Public Service Commission of South Carolina.

World Telecom offers a specialized interexchange telecommunications service through a discretionary calling card service. World Telecom's calling card (called AmeriVox) enables subscribers to place long distance calls through the Company's toll free network access number at established discounted flat per minute rates. The Company's AmeriVox card operates on a debit system whereby the subscriber purchases a calling card for a specified amount, and the accompanying card account is credited

for the amount of calling purchased. The card account is then debited as the subscriber places calls, in accordance with the cost of the call, per the Company's tariffed rates and applicable taxes. As the subscriber's account nears depletion, the subscriber is reminded that the account balance is low and should be replenished. The subscriber may replenish the account by contacting the Company's customer service department and charging the amount of calling desired to a credit card or by sending a check to the Company for the desired amount of calling. If an account is not replenished, network access is blocked. World Telecom does not propose to offer operated assisted calls nor will it serve the transient public. Only subscribers of the Company may access the Company's service, and this debit card service is independent of the subscriber's presubscribed long distance company.

The Commission's Executive Director instructed World Telecom to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of World Telecom's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. World Telecom complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. Petitions to Intervene were filed by Southern Bell Telephone and Telegraph Company (Southern Bell) and the Consumer Advocate for the State of South Carolina (the Consumer Advocate).

A hearing was commenced on June 8, 1993, at 11:00 A.M., in the Commission's Hearing Room. The Honorable Henry G. Yonce, Chairman, presided. Frank R. Ellerbe, III, Esquire, appeared on behalf of World Telecom. Harry M. Lightsey, III, Esquire, represented Southern Bell; Carl F. McIntosh, Esquire, represented the Consumer Advocate; and Florence P. Belser, Staff Counsel, represented the Commission Staff.

At the beginning of the hearing, Southern Bell moved before the Commission to withdraw its Intervention in this proceeding. Southern Bell stated as the reasons for its motion that the Company had not requested intraLATA authority, and that based on the prefiled testimony in the case, the Company sought no greater authority than is typically granted to resellers by this Commission.

World Telecom presented the testimony of Andrew O. Isar in support of its Application. Mr. Isar explained World Telecom's request for certification to operate as a reseller of interexchange telecommunications services in South Carolina. According to Mr. Isar, World Telecom offers a specialized discretionary calling card service which enables subscribers to make calls from any dual tone multifrequency telephone at established discounted flat per minute rates, without incurring per call surcharges applicable to conventional calling cards. The Company's calling card, known as AmeriVox, operates on a debit system.

Mr. Isar outlined the World Telecom's financial

qualifications, background, and technical capabilities. Mr. Isar also stated that World Telecom will be responsible for trouble reporting and customer services, but World Telecom does not provide alternative operator services. Additionally, while subscribers may request a call detail report for a nominal fee from World Telecom, billing as such is inapplicable to World Telecom's debit system as a subscriber's account is credited for the amount of calling purchased and debited as calls are made. Mr. Isar admitted that World Telecom had completed incidental long distance calls within South Carolina since February of 1993. Mr. Isar testified that World Telecom billed customers approximately \$2,193.80 for these calls, and further agreed to refund these charges.

After full consideration of the applicable law and of the evidence presented by World Telecom, the Consumer Advocate, Southern Bell, and the Commission Staff, the Commission hereby issues its findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. World Telecom is incorporated under the laws of the State of Nevada, and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. World Telecom operates as a non-facilities based reseller of interexchange services and wishes to do so on an interLATA basis in South Carolina.

3. World Telecom has the experience, capability, and

financial resources to provide the service as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to World Telecom to provide intrastate, interLATA service through the resale of common carrier telecommunications services.

2. The Commission adopts a rate design for World Telecom for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. World Telecom shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. World Telecom shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of World Telecom's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1992).

4. World Telecom shall file its revised tariff and an accompanying price list to reflect the Commission's findings within thirty (30) days of the date of this Order. Further, the revised tariff shall be filed with the Commission in a loose-leaf binder.

5. World Telecom is subject to access charges pursuant to Commission Order No. 96-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

6. World Telecom shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If World Telecom changes underlying carriers, it shall notify the Commission in writing.

7. The Commission grants Southern Bell's motion to withdraw its Intervention in the hearing. World Telecom has not requested intraLATA authority in its Application. Should World Telecom seek to provide intraLATA service in the future, World Telecom is directed to follow the mandates of Order No. 93-462, dated June 3, 1993, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C.

8. World Telecom shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178, in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

9. The Commission grants the Consumer Advocate's motion to order refunds. The Commission finds and concludes that World Telecom has admitted to providing telecommunications services

since February 1993 without authority. Consequently, the Commission determines it is within its discretion and appropriate to require World Telecom to refund all charges collected by it for completion of intrastate telephone calls prior to its receipt of Certification. These refunds shall be issued within thirty (30) days of the date of this Order and shall include interest at the rate of 12% per annum. World Telecom shall file with the Commission all necessary information to certify that the refunds have been made.

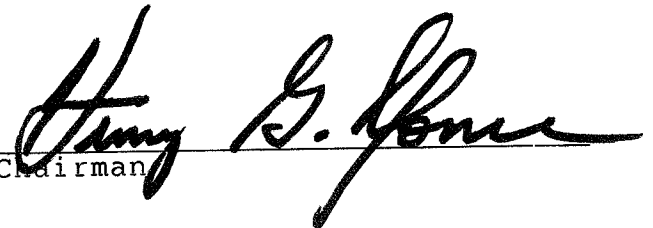
10. The Commission also grants the Consumer Advocate's motion to accept Staff's proposal of requiring World Telecom to post a bond prior to receiving certification. Due to the nature of the service proposed by World Telecom where a subscriber must pay for services before the services are rendered, this Commission believes that a bond is necessary for the protection of the subscribers in South Carolina until such time as the Company has operated in the State and has had the opportunity to demonstrate its stability. Therefore, the Commission requires as a condition to the granting of a Certificate to Operate as a Reseller of Telecommunications Services that World Telecom post a bond with the Commission by delivering to the Commission Certificates of Deposit, in the amount of Five Thousand (\$5000.00) Dollars and drawn in the name of the Public Service Commission of South Carolina. The Certificates of Deposit shall be drawn on federal or state chartered banks or savings and loan associations who maintain an office in this State and whose accounts are insured by

either the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. After twelve (12) months from the date of this Order, the Commission will review the Company's financial reports and reassess the requirement of World Telecom maintaining a bond.

11. A Certificate of Public Convenience and Necessity to Operate as a Reseller of Intrastate Telecommunications Services within the State of South Carolina is hereby granted to World Telecom Group, Inc. in accordance with the terms and conditions of this Order.

12. That this order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)



ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS  
FOR INTEREXCHANGE COMPANIES AND AOS'S

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS\* FOR 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

\*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION, MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

- (4) PARENT'S CAPITAL STRUCTURE\* AT DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

\*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).